

C

ANNUAL REPORT

for the fiscal year ending

MAY 31st, 1944

AGNEW-SURPASS
SHOE STORES
LIMITED

PURVIS HALL
LIBRARIES

DEC 19 1945

McGILL UNIVERSITY



SIXTEENTH
Annual Report

for the fiscal year ending

MAY 31st, 1944

to be submitted at the Annual Meeting
of Shareholders to be held at the Head
Office of the Company, Brantford, Ontario,
September 6th, 1944, at 10.30 a.m.

BRANTFORD, ONTARIO
CANADA

SIXTEENTH
ANNUAL REPORT OF THE DIRECTORS
of
AGNEW-SURPASS SHOE STORES
LIMITED

BRANTFORD, JULY 10TH, 1944.

TO THE SHAREHOLDERS:—

Your Directors submit herewith Consolidated Balance Sheet as of May 31st, 1944, together with Profit and Loss and Surplus Account for the year ended on that date of Agnew-Surpass Shoe Stores, Limited and subsidiary Company, together with 1943 comparative figures for your convenience.

Sales amounted to \$5,848,693.78 (after eliminating sales from factory to Store Company), and operating profits were \$785,298.16. After deducting \$504,752.77 to cover Income and Excess Profits Taxes, \$34,892.77 for depreciation, and \$325.00 for Directors' fees, there remained net earnings for the year of \$245,327.62. The provision for excess profits taxes has been calculated less the refundable portion of \$100,617.09 and after applying an inventory reserve as permitted by the Act. The amount of additional liability, if any, can only be determined as the result of changes in future inventory prices or termination of the Excess Profits Tax Act, 1940.

Dividends were paid on the Preference shares held by the public amounting to \$58,499.00, leaving earnings applicable to the Common stock of \$186,828.62, being \$2.33 per share on 80,000 shares of the No Par Value Common stock, from which your Directors have declared Common dividends totalling 90c. per share together with a bonus of 20c. per share, making \$1.10 per share from the year's operations. The Surplus Account has been charged with additional Income and Excess Profits Taxes for prior periods amounting to \$40,264.52.

There was expended on fixed assets the sum of \$7,258.74 for Stores equipment and improvements, while the net Working Capital at May 31st last amounted to \$1,420,417.50 (not including \$193,576.23 refundable Taxes) and Earned Surplus to \$822,509.91.

One Store was closed during the year, making a total of 77 Agnew-Surpass Shoe Stores in operation as of May 31st last.

Your Company gives employment to 864 employees, and at the end of the year, there were 415 Preference shareholders and 550 Common shareholders.

The following table of Wages and Salaries, taxes, dividends to shareholders and amounts reinvested in the Company for the past six years should be of interest to the shareholders.

	Wages and Salaries	Taxes	Dividends to Shareholders	Reinvested in Company
1944	\$1,143,745.23	*\$673,410.25	\$146,549.00	\$ 58,514.10
1943	1,073,069.51	† 623,320.78	139,838.25	84,036.58
1942	1,010,965.37	407,939.59	141,303.00	121,680.71
1941	791,006.25	204,870.98	141,336.75	102,920.18
1940	689,419.55	126,862.56	133,221.90	60,495.82
1939	610,247.59	64,235.81	125,081.80	25,541.43

* Including refundable portion, 1944: \$100,617.09

† " " " " 1943: 92,959.14

We regret to record the death since the last Annual Report of John Bauslaugh, Vice-President, and M. John Sheehy, both Directors of the Company since incorporation. Their counsel and advice will be very much missed by the Directors, Executives and employees of the Company who extend to the families sincere sympathy in their sad bereavement.

To fill the vacancy caused by John Bauslaugh's death, Roy Karn, General Manager, has been elected Vice-President and H. H. Gibaut and Leeta L. Bauslaugh elected Directors of the Company.

Your Directors wish to record their thanks to the Department Officials, Store Managers and employees for their loyal support given to the affairs of the Company during the past year.

On behalf of the Board,

J. ELLIS WARRINGTON,

President.

AGNEW-SURPASS SHOES AND SUBSIDIARIES

Consolidated

ASSETS

CURRENT ASSETS:	May 31st, 1944	May 31st, 1943
Cash on hand and in banks	\$ 199,185.83	\$ 371,979.23
Dominion of Canada Bonds	465,087.50	300,087.50
Dominion of Canada Bonds held for Employees	20,500.00	16,700.00
Accounts and Bills Receivable, less Reserve for Bad Debts	218,885.19	261,376.81
Merchandise Inventories, determined by physical stock-taking for subsidiary company and book inventories, periodically verified, for stores and warehouses, and valued at the lower of cost or market, as certified by the management	1,332,299.86	1,313,824.09
Prepaid Expenses and Accrued Revenue	17,603.55	11,570.39
	<u>\$2,253,561.93</u>	<u>\$2,275,538.02</u>
LIFE INSURANCE AND FIRE INSURANCE DEPOSITS	\$ 14,666.08	\$ 13,866.94
SUNDRY LOANS	\$ 7,686.02	\$ 9,689.99
REFUNDABLE PORTION OF EXCESS PROFITS TAX	<u>\$ 196,163.20</u>	<u>\$ 92,959.11</u>
FIXED ASSETS at depreciated appraisal values per appraisals of Canadian Appraisal Company, Limited dated May 17th and 18th, 1928, plus subsequent additions at cost (except for Lasts, Dies and Patterns which are shown at nominal value):		
Land	\$ 76,365.00	\$ 76,365.00
Buildings	230,110.37	229,953.05
Plant, Machinery, etc.	109,650.14	109,650.14
Furniture and Fixtures	215,979.31	209,664.90
Improvements to Leasehold Properties	44,256.68	52,126.93
Lasts, Dies and Patterns	33,000.00	33,000.00
	<u>\$ 709,361.50</u>	<u>\$ 710,760.02</u>
Less Reserve for Depreciation	412,810.47	385,971.45
	<u>\$ 296,551.03</u>	<u>\$ 324,788.57</u>
PATENTS UNDER LEASE AND PRODUCING REVENUE	<u>\$ 15,000.00</u>	<u>\$ 15,000.00</u>
	<u><u>\$2,783,628.26</u></u>	<u><u>\$2,731,842.63</u></u>

Approved: J. E. WARRINGTON ROY KARN
Directors of Agnew-Surpass Shoe Stores, Limited.

SHOE STORES, LIMITED

SUBSIDIARY COMPANY

Balance Sheet

LIABILITIES		May 31st, 1944	May 31st, 1943
CURRENT LIABILITIES:			
Accounts Payable	\$	337,061.01	\$ 300,719.83
Accrued Wages and Expenses		65,908.76	78,909.19
Provision for Income, Excess Profits and Other Taxes, less payments on account		415,499.91	445,619.13
Dividend Payable		14,624.75	14,624.75
	\$	833,094.43	\$ 839,872.90
FIRE INSURANCE RESERVE	\$	25,817.78	\$ 25,817.78
CAPITAL AND SURPLUS:			
Capital Stock:			
7% Cumulative Convertible Preferred:			
Authorized, 15,000 shares of \$100.00 each			
Issued, 10,000 shares	\$	1,000,000.00	\$1,000,000.00
Less Shares held by subsidiary company		164,300.00	164,300.00
	\$	835,700.00	\$ 835,700.00
Common:			
Authorized, 135,000 shares of no par value			
Issued, 80,000 shares		266,456.14	266,456.14
Earned Surplus		822,559.91	763,995.81
	\$	1,924,716.05	\$1,866,151.95
CONTINGENT LIABILITY:			
The provision made by the Subsidiary Company for Excess Profits Tax has been calculated after the application of an inventory reserve as permitted by the Act, which reserve is not recorded in the books nor included in the above statement.			
		<u>\$2,783,628.26</u>	<u>\$2,731,842.63</u>

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the books of Agnew-Surpass Shoe Stores, Limited and its subsidiary company for the year ended May 31st, 1944, our examination of the individual store records consisting of a test of the periodic cash reports.

We have obtained all the information and explanations we have required and report that, in our opinion, the above Consolidated Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the affairs of said companies, according to the best of our information and the explanations given us, and as shown by their books.

Toronto, Canada, July 8th, 1944.

THORNE, MULHOLLAND, HOWSON & McPHERSON,
Chartered Accountants.

AGNEW-SURPASS SHOE STORES, LIMITED

AND SUBSIDIARY COMPANY

Consolidated Profit and Loss and Earned Surplus Account

	Year ended	
	May 31st, 1944	May 31st, 1943
Net Operating Profit for year, after deducting remuneration of executives and legal fees (\$58,983.79 for 1944, \$63,502.14 for 1943) but before the undermentioned charges.....	\$ 785,298.16	\$ 758,723.22
<i>Deduct:</i>		
Provision for Income and Excess Profits Taxes.	\$ 605,369.86	\$ 587,719.67
Less Refundable Portion of Excess Profits Tax.	100,617.09	92,959.11
	\$ 504,752.77	\$ 494,760.56
Provision for Depreciation	34,892.77	35,683.33
Directors' Fees (other than Executives)	325.00	365.00
	\$ 539,970.54	\$ 530,808.89
Net Earnings for year	\$ 245,327.62	\$ 227,914.33
Earned Surplus at beginning of year	763,995.81	679,959.23
	\$1,009,323.43	\$ 907,873.56
<i>Deduct:</i>		
Additional Income and Excess Profits Taxes for prior periods.....	\$ 40,264.52	
Dividends on Preferred Stock (excluding Subsidiary Company's Portion)	58,499.00	59,778.25
Dividends on Common Stock	88,000.00	80,000.00
Dividend paid by Subsidiary Company to Minority Shareholders		60.00
Premium on Preferred Shares purchased by Subsidiary Company during the year		4,039.50
	\$ 186,763.52	\$ 143,877.75
EARNED SURPLUS, AS PER BALANCE SHEET	\$ 822,559.91	\$ 763,995.81

EXECUTIVE OFFICERS

7

J. ELLIS WARRINGTON
President

ROY KARN
Vice-President and General Manager, Brantford

K. R. GILLELAN
Secretary-Treasurer

H. H. GIBAUT
Assistant Secretary-Treasurer

H. M. MILLAR
Assistant Secretary



BOARD OF DIRECTORS

7

K. R. GILLELAN

RUSSELL D. BELL

J. ELLIS WARRINGTON

ROY KARN

LEETA L. BAUSLAUGH

H. H. GIBAUT

AGNEW-SURPASS SHOE STORES

ONTARIO

BARRIE	LISTOWEL	TIMMINS
BELLEVILLE	LONDON	TORONTO
BRANTFORD	MIDLAND	563 Bayview Ave.
166 Colborne	NIAGARA FALLS	952 Bloor St. W.
16 Market	515 Queen St.	2310 Bloor St. W.
BROCKVILLE	1904 Main St. So.	505 Danforth
CHATHAM	NORTH BAY	686 Danforth
COBOURG	ORILLIA	2040 Danforth
DUNNVILLE	OSHAWA	2948 Dundas St. W.
GALT	OTTAWA	992 St. Clair Ave. W.
GÖDERICH	PETERBOROUGH	1232 St. Clair Ave. W.
GUELPH	PORT COLBORNE	252 Yonge
HAMILTON	PORT HOPE	729 Yonge
71 King, E.	SARNIA	1425 Yonge
15 Market Sq.	SAULT STE. MARIE	2512 Yonge
272 Ottawa, N.	SIMCOE	3430 Yonge
INGERSOLL	SMITH'S FALLS	WALLACEBURG
KINGSTON	STRATFORD	WELLAND
KITCHENER	SUDBURY	WHITBY
LEAMINGTON	ST. CATHARINES	WINDSOR
LINDSAY	ST. THOMAS	359 Ouellette Ave.
		1528 Wyandotte St. E.
		WOODSTOCK

QUEBEC

MONTREAL	QUEBEC
897 St. Catherine W.	10 St. John
NEW BRUNSWICK	NOVA SCOTIA
CAMPBELLTON	AMHERST
FREDERICTON	GLACE BAY
MONCTON	HALIFAX
SAINT JOHN	NEW GLASGOW
677 Main	SPRINGHILL
187-189 Union	SYDNEY
ST. STEPHEN	TRURO
	WINDSOR

PRINCE EDWARD ISLAND

CHARLOTTETOWN

Canada's Greatest Chain Shoe Stores

MARCHING

ALONG TOGETHER...

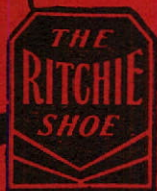


Yes, and on the right road — the road to Victory. Most of our production has gone to give foot comfort to the fighting men of Canada. Wearers of Ritchie shoes will know why we have been called upon to make so many pairs for the armed forces. Lately we have been able to release a greater number of Ritchie Shoes to leading shoe merchants throughout the Dominion.



**HOW TO MAKE YOUR PRESENT
SHOES LAST LONGER:**

1. Put them on trees as soon as you take them off.
2. Have more than one pair and wear them alternate days.
3. Keep them well cleaned and polished to preserve and protect the leather.



Ritchie
CANADA'S SMARTEST SHOES
FOR MEN

The John Ritchie Company Limited

Established 1879

Canada's Largest Makers of Men's Fine Shoes